

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR -1% y/y, -4% vs. 2019. Leisure-heavy clean comp y/y. Tough Memorial Day shift vs. 2019

Overall U.S. RevPAR was -1.0% y/y for the week ending 6/3/2023, per STR, below the prior week's result of +2.9%, and below the trailing 10-week average of +3.9%. Versus 2019, RevPAR was -3.5%, below the prior week's result of +30.0%, and below the trailing 10-week average of +11.6%.

Last week reflected Memorial Day for the 2022/2023 comparison weeks (clean comp and weak group travel as expected). Group has been the largest driver of RevPAR strength this year; a holiday-impacted soft group week did not help the y/y performance. The 2019 comp incorporated this year's Memorial Day calendar shift whereas the comparable week in 2019 did not contain the holiday.

Memorial Day week provides more of a read-through for summer leisure than business related travel. In short, we see continued trends from our analysis last week of the start of Memorial Day weekend. Occupancy y/y was down 4% nationally on the Sunday of Memorial Day with Luxury surprisingly up 80 bps but Midscale and Economy unsurprisingly down 5.1% and 6.7%, respectively. That said, ADR y/y was down for all chain scales and most negative for Luxury at 4.1%. The RevPAR y/y declines for Sunday night ranged from -2.6% for Upper Upscale and Upscale (which are more business travel heavy) to -3.4% for Luxury and most negative for the lowest-priced hotel: down 7.2% for Midscale and 8.8% for Economy. The relatively good news is the rest of the week was flattish in RevPAR performance.

During a holiday week we do not expect much corporate group travel. Given last week was not a group-heavy week, the comps will look tougher in a leisure-dominant week such as last week.

The addition of Las Vegas this year in STR data may have masked worse national results.

Regarding the comparison vs. 2019, Group was -34.2% vs +30.4% prior week. As a rule of thumb when analyzing the weekly data, if Group results are abnormally strong or weak, which they were last week, there is a holiday shift going on.

Major RevPAR statistics presented below:

- Luxury RevPAR: -2.6% y/y and -4.1% versus 2019;
- Upper Upscale RevPAR: +1.0% y/y and -16.1% versus 2019;
- Upscale RevPAR: +0.1% y/y and -11.4% versus 2019;
- Upper Midscale RevPAR: -0.9% y/y and -2.3% versus 2019;
- Midscale RevPAR: -4.4% y/y and +3.0% versus 2019;
- Economy RevPAR: -6.4% y/y and +4.6% versus 2019;
- Independent hotels (~ 1/3rd of the data set) RevPAR: -1.8% y/y and +3.4% versus 2019; and
- Within Upper Upscale & Luxury class hotels:
 - Group: -0.4% y/y vs. +9.1% prior week; versus 2019: -34.2% vs +30.4% prior week.
 - Transient: -0.8% y/y vs. -0.2% prior week; versus 2019: +7.1% vs +31.6% prior week.
- Las Vegas RevPAR: +14.7% y/y and -0.4% versus 2019.
 - **As a caveat, we note that many large Strip casino hotel operators do not participate in STR's survey.**

Last week's RevPAR details and sequential trends (all comparable information on new STR methodology):

- **Headline RevPAR** was -1.0% y/y vs. the running 28-day average of +1.4% y/y.
- **Occupancy:** Absolute occupancy was 61.6% vs. 65.1% for the running 28-day average.
- **Absolute Group occupancy:** 16.5% last week vs. 20.2% for the running 28 days.

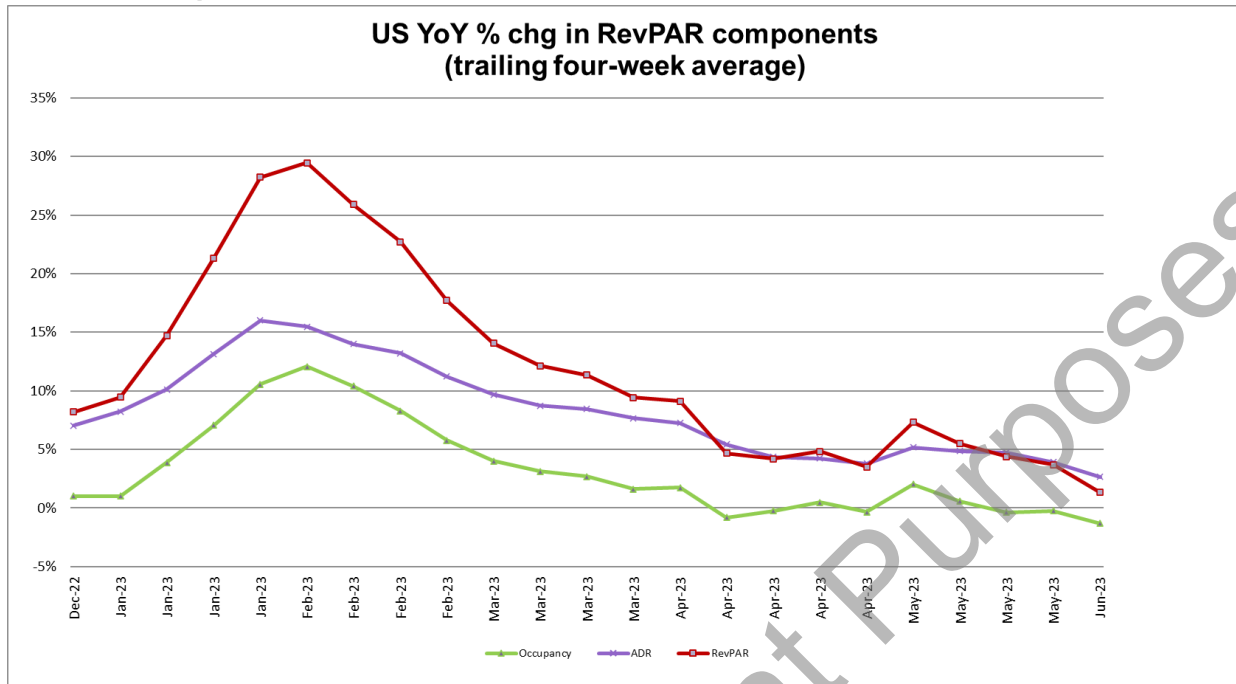
The Lodging stocks: Similar to the past year in lodging (and many other) stocks, we see “macro over micro” at the moment. We see the main driver/wildcard coming from the economic impact from interest rates and inflation (and perhaps more importantly investor sentiment around these). While the risks from COVID are not zero (e.g. China reopening impact to the worldwide economy and outbound Chinese travel), we believe COVID issues are now secondary to macroeconomic considerations for most investors and for public company executives. We see **Hyatt (Buy)** as the relative outperformer in our lodging coverage universe for a host of reasons, including continued Caribbean/leisure outperformance and upcoming accretive asset sales. Leisure travel demand and pricing continues to show significant strength in 2023, a positive read-through for all-inclusive resorts (Buy-rated **PLYA, H**) and Vacation Ownership (Buy-rated **BVH, HGV, TNL, VAC**), and Wellness (**OSW**, Buy, Miller). While we have three Buy-rated Lodging REITS, (**PK, RLJ** [Miller], **RHP**), we have a neutral to cautious view on our broader Lodging REIT sector coverage, with Hold-rated **DRH, HST, PEB** (Miller), and **SHO**, a view driven by potential downside pressures on revenues and particularly on operating profit margins.

Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Upper			Upper			Inde- pendent	New	York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
2/4/2023	26.6%	35.3%	49.8%	27.9%	17.2%	6.8%	2.0%	25.2%	63.0%	42.6%	28.6%	32.4%	71.2%
2/11/2023	18.9%	16.9%	35.7%	23.3%	14.4%	5.3%	0.9%	14.1%	41.7%	36.1%	-28.4%	24.0%	73.4%
2/18/2023	13.5%	10.1%	24.1%	16.6%	11.4%	4.2%	1.4%	10.2%	49.5%	20.1%	-4.3%	22.4%	48.8%
2/25/2023	11.8%	6.2%	21.6%	15.9%	11.0%	4.5%	0.9%	7.5%	39.1%	21.9%	14.2%	28.8%	46.3%
3/4/2023	12.1%	7.7%	23.3%	15.9%	9.5%	3.0%	-0.6%	8.5%	30.3%	38.0%	18.2%	20.7%	52.2%
3/11/2023	11.1%	8.5%	19.0%	16.6%	10.1%	3.3%	-0.3%	6.3%	32.7%	39.0%	22.4%	22.2%	50.2%
3/18/2023	10.4%	2.1%	14.4%	13.2%	8.1%	2.3%	-1.6%	12.5%	36.4%	40.4%	8.2%	11.8%	47.3%
3/25/2023	4.1%	-3.8%	10.1%	10.0%	6.4%	0.9%	-3.6%	-2.3%	27.8%	14.9%	-8.3%	31.4%	33.4%
4/1/2023	10.9%	8.0%	15.9%	14.7%	10.9%	4.2%	-0.2%	7.7%	16.1%	21.5%	12.1%	11.8%	44.1%
4/8/2023	-6.7%	-9.9%	-7.0%	-4.5%	-7.1%	-9.4%	-8.7%	-7.0%	19.4%	2.0%	-4.4%	-7.9%	5.6%
4/15/2023	8.6%	-3.4%	10.4%	14.1%	15.5%	10.0%	3.6%	2.1%	3.3%	6.6%	5.3%	24.1%	38.1%
4/22/2023	6.6%	-1.8%	15.4%	13.0%	7.1%	0.4%	-2.6%	-0.2%	14.8%	8.8%	1.4%	60.6%	27.8%
4/29/2023	5.6%	5.2%	11.1%	9.5%	5.4%	-0.7%	-3.7%	0.8%	31.5%	35.1%	3.3%	18.6%	27.5%
5/6/2023	8.4%	8.5%	11.9%	11.6%	9.0%	4.4%	1.0%	4.2%	24.6%	14.2%	12.4%	36.2%	9.7%
5/13/2023	1.3%	-3.0%	4.9%	5.3%	1.7%	-4.2%	-4.9%	-2.0%	10.0%	16.0%	-3.1%	11.8%	11.4%
5/20/2023	2.1%	-2.9%	3.3%	5.4%	3.8%	-0.4%	-2.8%	-0.5%	9.0%	17.0%	3.1%	6.1%	27.0%
5/27/2023	2.9%	-1.4%	6.4%	6.3%	3.8%	-0.9%	-3.1%	-0.5%	8.1%	4.8%	3.6%	4.8%	27.2%
6/3/2023	-1.0%	-2.6%	1.0%	0.1%	-0.9%	-4.4%	-6.4%	-1.8%	9.2%	18.6%	-7.0%	6.9%	15.2%
Memorial Day holiday shift vs. 2019													
Upper Upscale and Upscale led the industry													
Boston and DC led the Top 5 markets													
1Q19	1.5%	-0.7%	1.2%	-0.5%	0.4%	-0.1%	1.9%	3.1%	-7.1%	-2.1%	-1.7%	-4.5%	-2.4%
2Q19	1.1%	1.1%	0.5%	-0.4%	0.0%	-0.7%	1.7%	2.4%	-1.8%	4.5%	1.6%	-0.1%	-1.5%
3Q19	0.7%	1.3%	1.1%	-0.5%	-0.1%	-1.0%	-0.9%	1.6%	-2.2%	-0.4%	-0.2%	-2.2%	4.5%
4Q19	0.7%	3.6%	1.0%	-0.6%	-1.0%	-2.7%	-1.5%	2.3%	-4.1%	-11.6%	1.1%	-0.7%	5.2%
1Q22	67.2%	112.3%	127.2%	69.7%	51.0%	38.2%	24.3%	58.3%	97.1%	137.1%	115.2%	85.1%	58.1%
2Q22	38.8%	70.2%	82.9%	46.8%	26.2%	15.4%	8.8%	27.7%	141.2%	172.1%	51.0%	109.5%	145.7%
3Q22	16.6%	27.7%	36.6%	22.5%	10.8%	3.5%	0.0%	11.3%	67.4%	59.9%	21.4%	48.1%	54.6%
4Q22	16.3%	19.7%	30.1%	20.5%	11.7%	5.1%	1.4%	12.3%	50.8%	35.8%	11.4%	37.3%	53.2%
1Q23	16.7%	16.0%	29.8%	20.4%	13.4%	4.8%	0.8%	12.9%	46.6%	35.0%	11.6%	26.6%	56.7%
YoY % change in ADR													
U.S.	Upper			Upper			Inde- pendent	New	York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
2/4/2023	15.1%	-1.4%	12.7%	13.0%	9.0%	5.7%	4.7%	16.7%	12.6%	18.8%	14.0%	13.0%	27.1%
2/11/2023	11.9%	-3.4%	9.6%	13.0%	9.6%	5.9%	4.3%	10.7%	8.5%	15.3%	-28.2%	10.9%	28.3%
2/18/2023	10.0%	-2.4%	9.2%	12.1%	9.3%	5.3%	4.3%	8.3%	14.1%	10.7%	-7.0%	10.3%	22.7%
2/25/2023	7.9%	-2.1%	7.4%	10.1%	7.5%	4.1%	3.4%	6.3%	10.3%	12.2%	7.3%	10.8%	19.1%
3/4/2023	8.9%	0.0%	7.6%	9.9%	7.1%	3.9%	3.7%	8.3%	10.5%	15.9%	8.1%	10.7%	23.2%
3/11/2023	8.1%	0.4%	7.3%	10.5%	7.1%	3.5%	3.6%	6.2%	14.2%	18.6%	13.4%	11.2%	23.4%
3/18/2023	8.9%	-2.6%	7.2%	9.4%	6.4%	3.3%	3.1%	12.8%	20.0%	19.2%	5.2%	7.5%	25.5%
3/25/2023	4.7%	-3.3%	4.8%	7.6%	5.9%	2.7%	2.1%	1.9%	15.3%	6.3%	-2.2%	17.1%	20.9%
4/1/2023	7.3%	0.7%	6.0%	8.4%	6.8%	3.7%	2.8%	6.2%	8.0%	8.4%	5.1%	6.9%	21.9%
4/8/2023	0.8%	1.1%	0.7%	3.1%	0.6%	-1.4%	-0.9%	-0.4%	12.3%	2.6%	-1.4%	-0.6%	5.5%
4/15/2023	4.7%	-2.4%	4.7%	7.8%	7.9%	5.4%	4.2%	1.7%	4.5%	4.0%	5.3%	14.1%	22.5%
4/22/2023	4.2%	-5.2%	3.7%	6.9%	4.6%	1.7%	1.2%	1.0%	9.5%	7.4%	2.7%	29.6%	16.8%
4/29/2023	5.5%	3.8%	6.3%	6.7%	4.9%	1.7%	1.6%	2.3%	14.7%	17.2%	3.1%	11.1%	16.1%
5/6/2023	6.4%	3.1%	6.1%	7.4%	5.8%	3.4%	3.5%	4.8%	12.3%	7.9%	8.5%	18.8%	7.9%
5/13/2023	3.4%	-1.9%	3.2%	5.0%	3.5%	1.1%	1.1%	1.5%	5.8%	8.3%	0.4%	9.9%	9.7%
5/20/2023	3.6%	0.1%	3.0%	4.7%	4.0%	2.2%	1.9%	2.7%	9.5%	10.4%	3.0%	6.0%	16.2%
5/27/2023	2.2%	-1.5%	1.6%	3.4%	2.3%	0.2%	0.0%	0.9%	5.1%	1.3%	2.2%	4.4%	15.1%
6/3/2023	1.3%	-1.6%	-0.3%	1.5%	1.2%	-0.5%	-0.6%	1.2%	2.9%	9.4%	-1.9%	9.3%	10.7%
1Q19	1.1%	2.2%	2.5%	1.0%	0.8%	-0.2%	-0.3%	1.0%	-3.8%	0.7%	-1.0%	-2.4%	1.5%
2Q19	1.2%	2.5%	1.4%	0.6%	0.7%	-0.2%	0.6%	1.7%	-1.0%	3.2%	0.8%	-1.7%	0.2%
3Q19	0.8%	1.5%	1.3%	0.2%	-0.1%	-0.5%	-0.5%	1.6%	-1.9%	0.9%	-0.2%	-2.8%	4.0%
4Q19	0.7%	2.4%	0.6%	-0.4%	-0.3%	-1.0%	-1.0%	1.9%	-3.7%	-5.5%	0.3%	-2.2%	3.9%
1Q22	37.5%	21.0%	39.7%	34.1%	27.3%	20.8%	17.3%	34.0%	52.2%	50.5%	61.8%	41.1%	31.7%
2Q22	26.2%	14.3%	29.0%	27.1%	18.9%	14.8%	11.8%	20.5%	69.0%	73.6%	32.9%	53.6%	60.6%
3Q22	11.6%	6.7%	12.6%	13.3%	7.6%	5.9%	4.2%	8.9%	32.6%	30.0%	14.6%	25.4%	25.5%
4Q22	12.0%	6.5%	12.6%	13.7%	8.7%	6.2%	4.5%	10.2%	28.0%	20.5%	8.4%	20.2%	27.9%
1Q23	10.2%	-1.9%	8.4%	11.0%	8.1%	4.7%	3.8%	9.1%	13.4%	15.6%	3.8%	11.5%	24.4%
YoY % change in Occupancy													
U.S.	Upper			Upper			Inde- pendent	New	York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
2/4/2023	10.0%	37.1%	32.9%	13.2%	7.5%	1.0%	-2.5%	7.2%	44.8%	20.0%	12.8%	17.1%	34.8%
2/11/2023	6.2%	21.1%	23.9%	9.0%	4.4%	-0.6%	-3.3%	3.1%	30.5%	18.1%	-0.3%	11.8%	35.2%
2/18/2023	3.2%	12.9%	13.6%	4.0%	1.9%	-1.0%	-2.8%	1.7%	31.0%	8.4%	2.9%	11.0%	21.3%
2/25/2023	3.6%	8.4%	13.2%	5.3%	3.2%	0.3%	-2.4%	1.1%	26.1%	8.7%	6.4%	16.2%	22.9%
3/4/2023	3.0%	7.7%	14.6%	5.5%	2.3%	-0.8%	-4.1%	0.2%	17.9%	19.0%	9.3%	9.0%	23.6%
3/11/2023	2.8%	8.2%	11.0%	5.4%	2.8%	-0.1%	-3.8%	0.1%	16.2%	17.2%	7.9%	9.9%	21.8%
3/18/2023	1.3%	4.8%	6.8%	3.4%	1.6%	-0.9%	-4.5%	-0.3%	13.6%	17.8%	2.8%	4.0%	17.3%
3/25/2023	-0.6%	-0.5%	5.1%	2.2%	0.5%	-1.8%	-5.5%	-4.1%	10.8%	8.1%	-6.2%	12.2%	10.4%
4/1/2023	3.4%	7.3%	9.4%	5.8%	3.9%	0.5%	-2.9%	1.4%	7.6%	12.1%	6.6%	4.6%	18.2%
4/8/2023	-7.4%	-10.9%	-7.7%	-7.4%	-7.7%	-8.2%	-7.8%	-6.6%	6.3%	-0.6%	-3.1%	-7.3%	0.0%
4/15/2023	3.7%	-1.0%	5.4%	5.8%	7.0%	4.4%	-0.6%	0.5%	-1.1%	2.6%	0.0%	8.8%	12.7%
4/22/2023	2.3%	3.6%	11.2%	5.8%	2.4%	-1.3%	-3.7%	-1.2%	4.8%	1.3%	-1.3%	23.9%	9.4%
4/29/2023	0.1%	1.3%	4.5%	2.6%	0.5%	-2.4%	-5.3%	-1.5%	14.7%	15.3%	0.2%	6.7%	9.8%
5/6/2023	2.0%	5.2%	5.4%	3.9%	3.0%	1.0%	-2.4%	-0.4%	11.0%	5.9%	3.6%	14.7%	1.7%
5/13/2023	-2.0%	-1.1%	1.7%	0.3%	-1.8%	-5.2%	-6.0%	-3.4%	3.9%	7.1%	-3.5%	1.7%	1.6%
5/20/2023	-1.5%	-3.0%	0.3%	0.7%	-0.2%	-2.6%	-4.6%	-3.2%	-0.5%	6.0%	0.1%	0.1%	9.3%
5/27/2023	0.6%	0.1%	4.7%	2.8%	1.4%	-1.1%	-3.1%	-1.4%	2.8%	3.4%	1.3%	0.4%	10.5%
6/3/2023	-2.3%	-1.0%	1.3%	-1.4%	-2.1%	-3.9%	-5.8%	-3.0%	6.1%	8.5%	-5.2%	-2.2%	4.0%
1Q19	0.4%	-2.8%	-1.3%	-1.4%	-0.5%	0.0%	2.3%	2.1%	-3.5%	-2.8%	-0.7%	-2.2%	-3.8%
2Q19	-0.1%	-1.4%	-0.9%	-1.0%	-0.7%	-0.6%	1.1%	0.7%	-0.7%	1.3%	0.8%	1.7%	-1.7%
3Q19	-0.1%	-0.2%	-0.2%	-0.7%	0.0%	-0.5%	-0.4%	0.0%	-0.3%	-1.4%	0.1%	0.6%	0.4%
4Q19	-0.1%	1.2%	0.4%	-0.2%	-0.8%	-1.7%	-0.4%	0.4%	-0.4%	-6.5%	0.8%	1.5%	1.3%
1Q22	56.2%	54.0%	53.2%	60.3%	59.4%	52.3%	55.5%	54.2%	29.5%	57.6%	33.0%	31.2%	20.1%
2Q22	10.0%	48.8%	41.8%	15.5%	6.2%	0.5%	-2.6%	5.9%	42.7%	56.7%	13.7%	36.3%	53.0%
3Q22	4.5%	19.7%	21.3%	8.1%	2.9%	-2.3%	-4.0%	2.2%	26.3%	23.0%	5.9%	18.1%	23.2%
4Q22	3.8%	12.4%	15.5%	6.0%	2.7%	-1.1%	-2.9%	1.9%	17.8%	12.7%	7.6%	14.2%	19.8%
1Q23	5.9%	18.3%	19.8%	8.5%	4.9%	0.1%	-2.9%	3.5%	29.3%	16.8%	7.5%	13.6%	25.9%

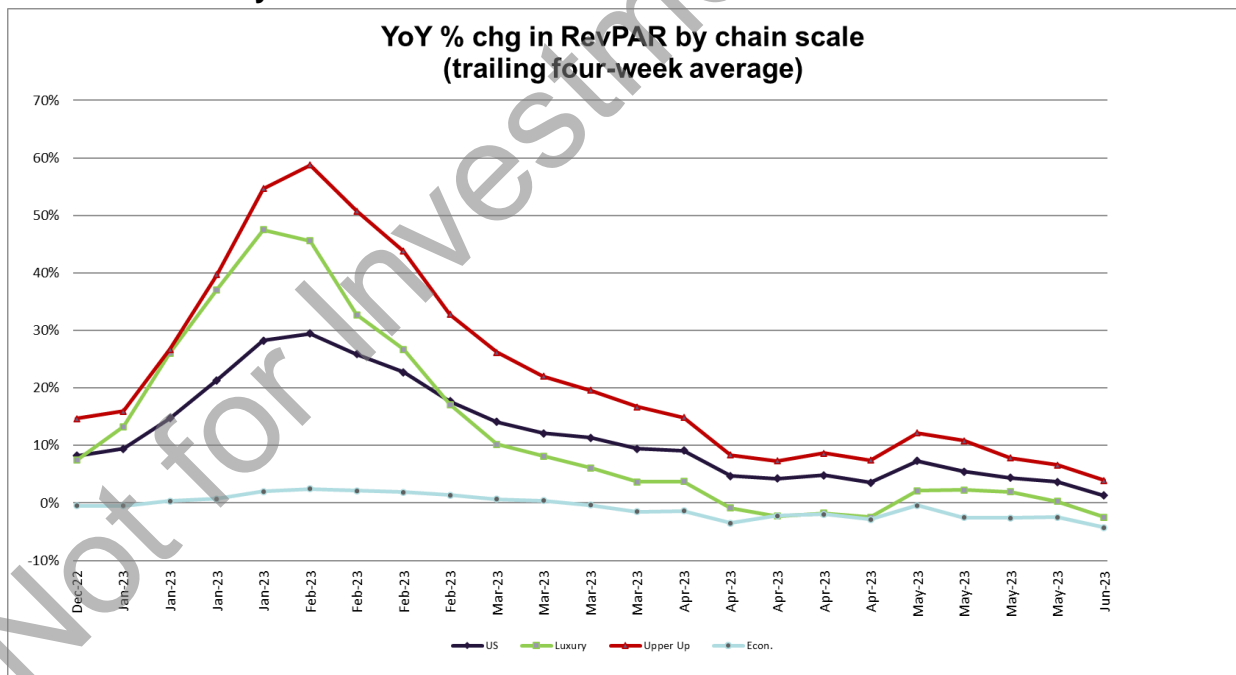
Source: STR data, Truist Securities research

RevPAR Component Trends



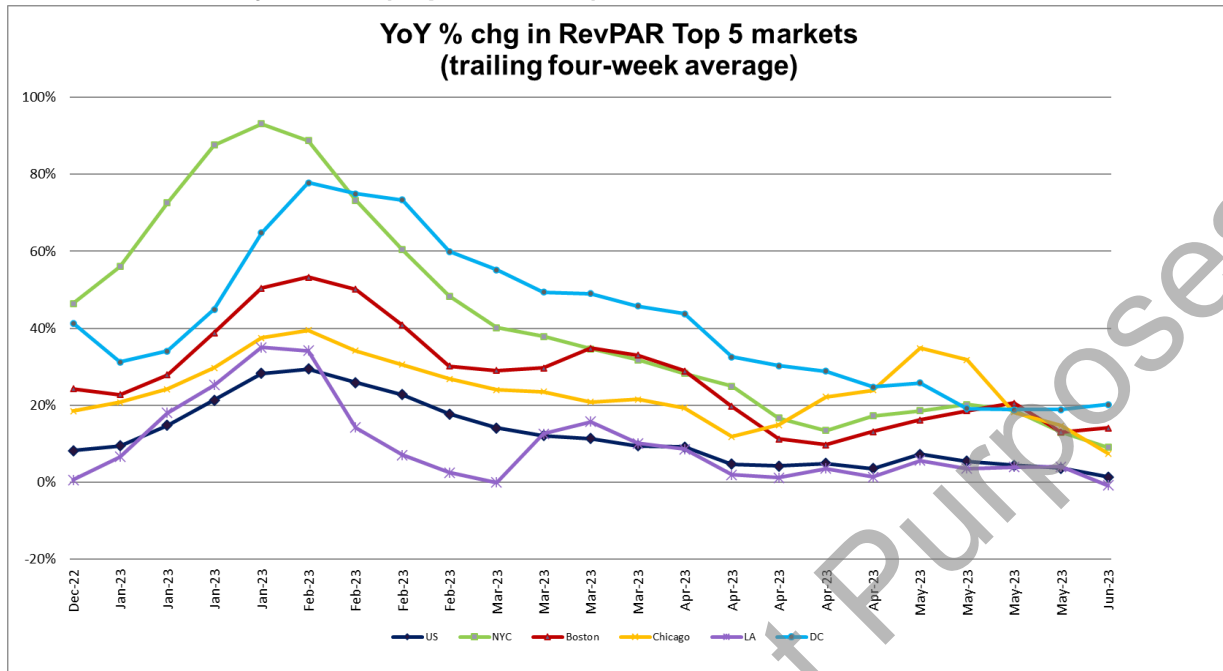
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



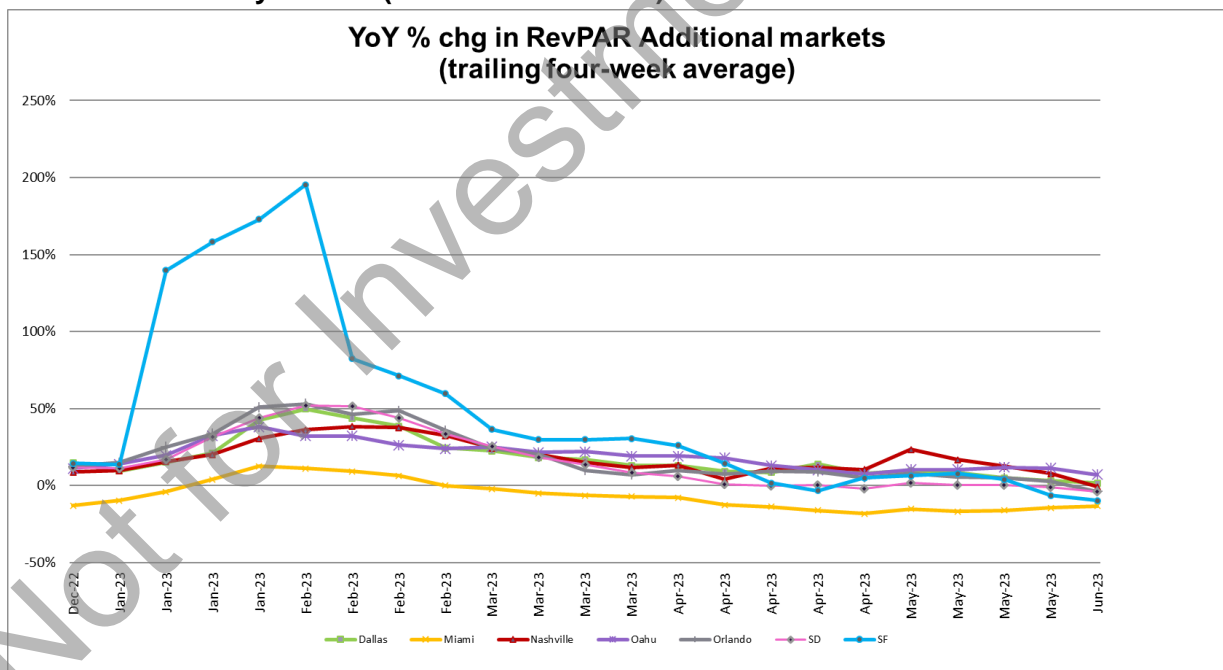
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



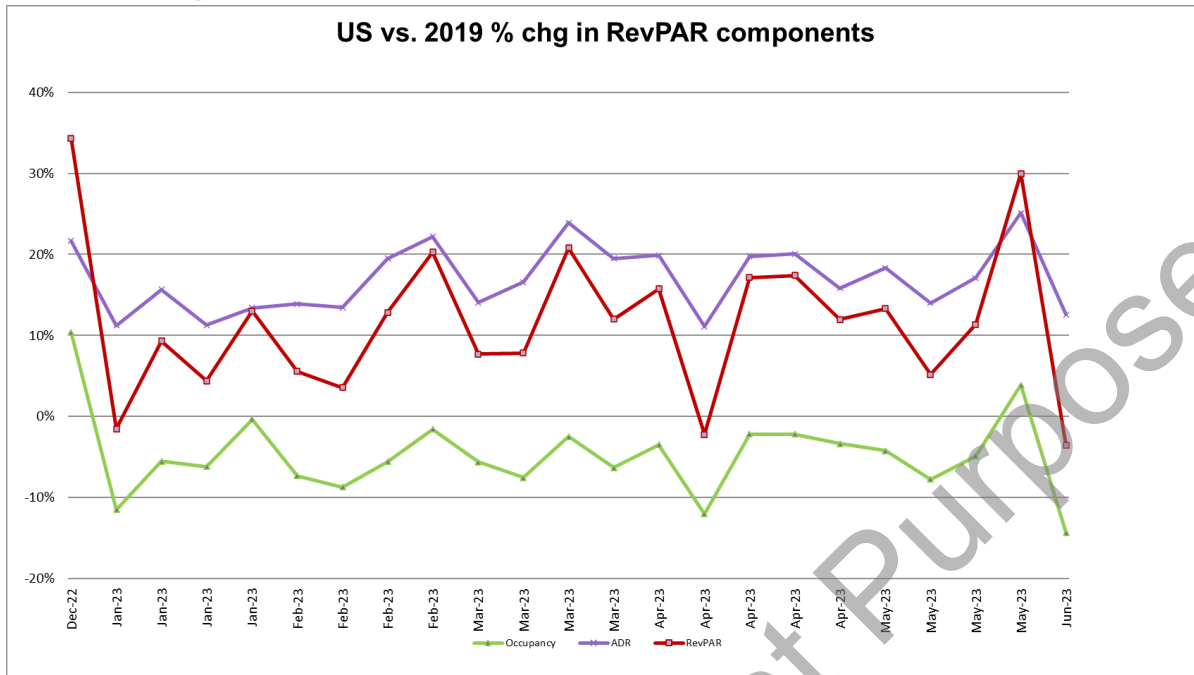
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



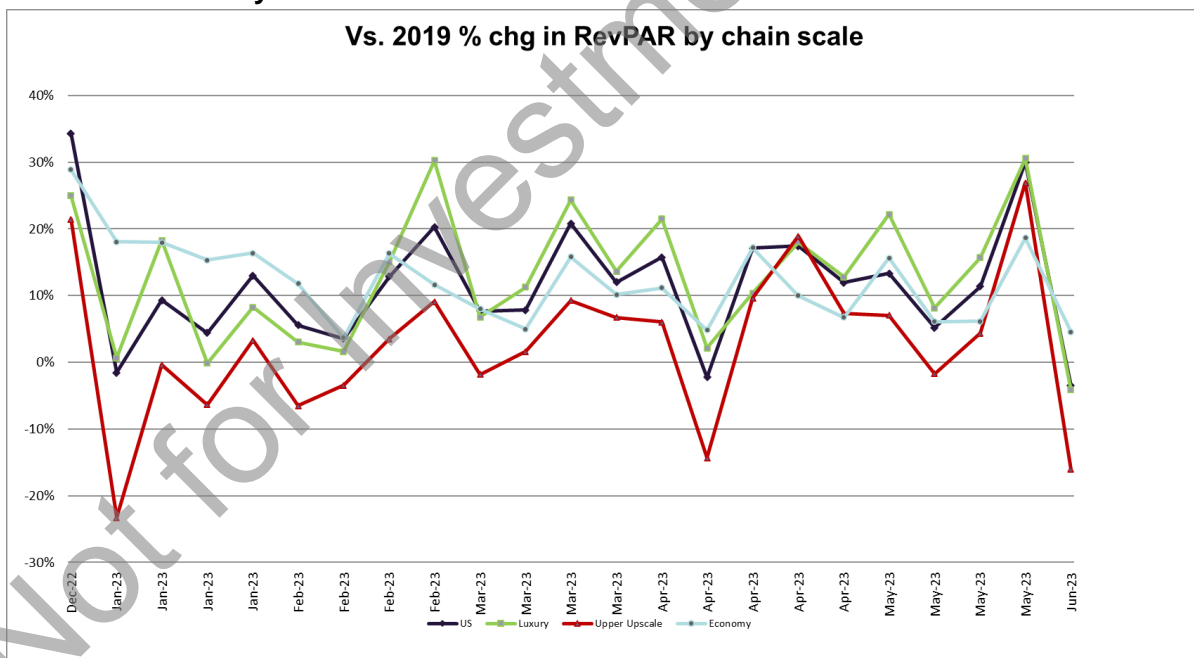
Source: STR data, Truist Securities research

RevPAR Component Trends



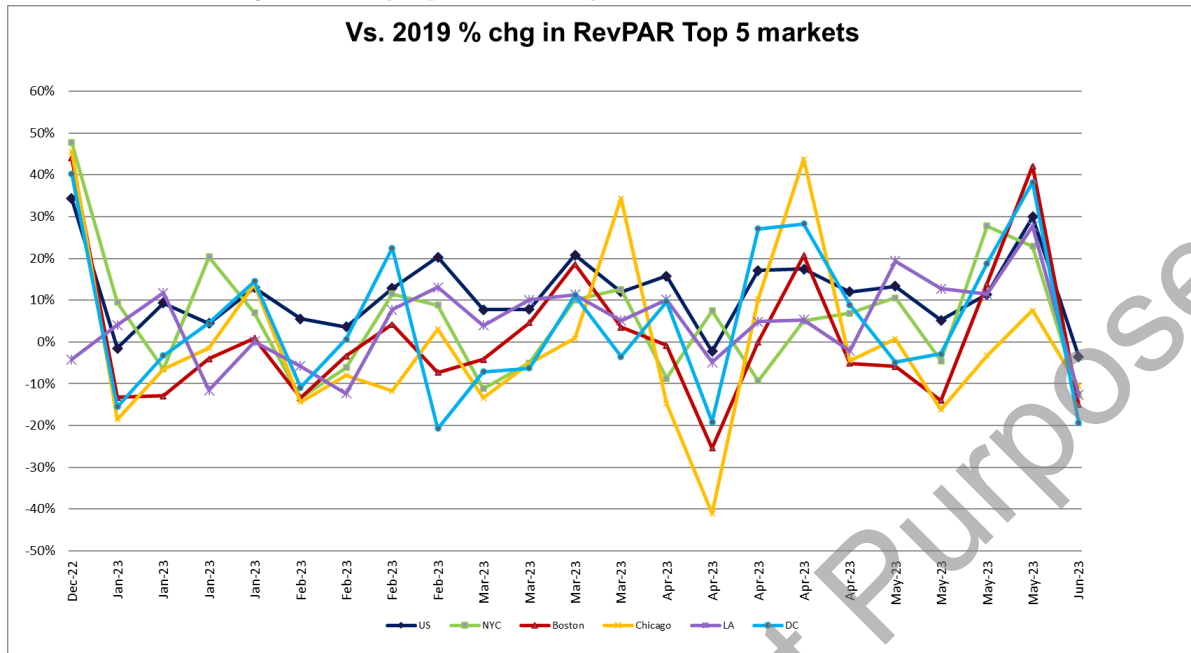
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



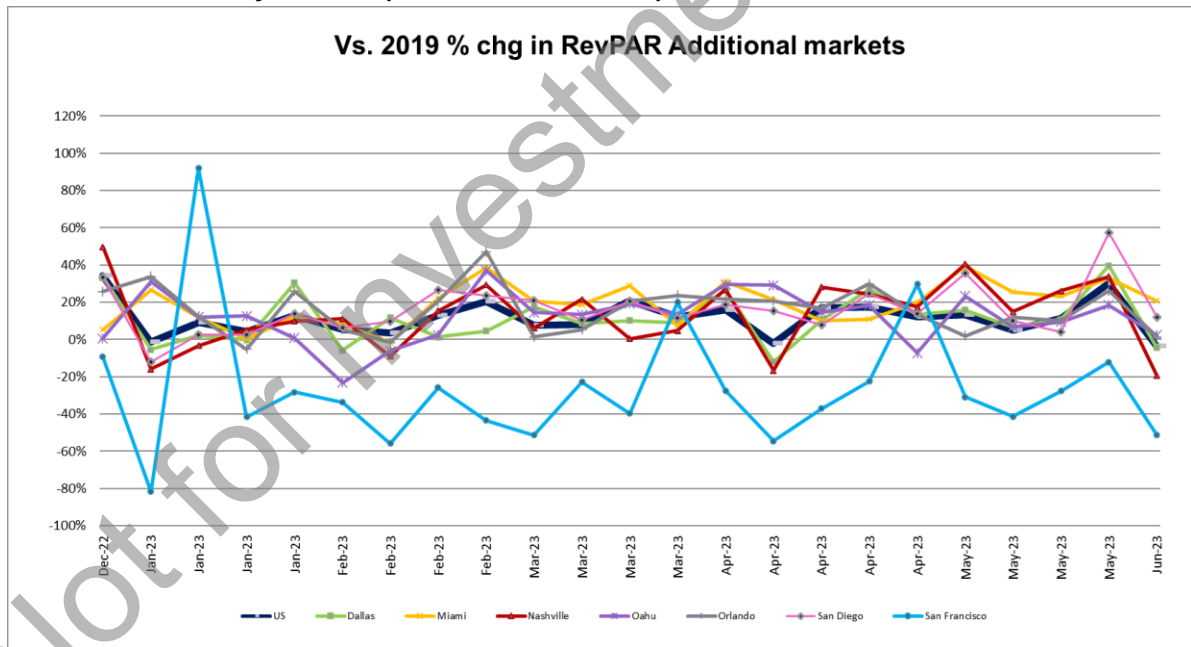
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



Source: STR data, Truist Securities research

Price Target/Risks Summary

Lodging	TKR	Price 6/6/23	Rating	PT*	% Upside/downside	Truist Securities Valuation EBITDA excluding Stock Based Comp/Other			As Reported/Consensus/Data Aggregator "Headline" EBITDA			Target EV/EBITDA Multiple	Risks
						2022A EBITDA (\$M)**	2023E EBITDA (\$M)**	2024E EBITDA (\$M)**	2022A EBITDA (\$M)*	2023E EBITDA (\$M)*	2024E EBITDA (\$M)**		
Bluegreen Vacations	BVH	\$33.70	Buy	\$52	55%	\$140	\$147	\$154	\$140	\$147	\$154	7.2X	Downside risk: controlled company issues, limited cap/float, loan defaults, and macroeconomic risk.
Choice Hotels	CHH	\$116.74	Hold	\$133	14%	\$459	\$517	\$534	\$478	\$535	\$553	15.0X	Upside risk: conservative growth of new brands; market share gains. Downside risk: slowdown in development opportunities; market share losses.
DiamondRock Hospitality	DRH	\$8.49	Hold	\$11	30%	\$281	\$291	\$292	\$281	\$291	\$292	12.0X	Upside risk: faster demand improvement in corporate travel than expected. Brand changes (e.g. Vail) lead to material EBITDA improvement. Leisure hotels hold/improve on RevPAR and margins despite the challenging macro. Downside risk: lodging recovery takes longer than expected, weaker results from ROI projects than forecasted, poor performance of recently acquired assets.
Hilton	HLT	\$144.60	Hold	\$165	14%	\$2,479	\$2,818	\$3,095	\$2,599	\$2,926	\$3,213	16.6X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Hilton Grand Vacations	HGV	\$46.97	Buy	\$76	62%	\$1,049	\$1,105	\$1,156	\$1,049	\$1,105	\$1,156	9.2X	Downside risk: Disruption in a major market (HGV more concentrated than peers), issues with Japanese customer (HGV more exposed than peers), difficulty sourcing additional hotel services/inventory deals. Upside risk: faster demand improvement in corporate/convention travel than expected. Dispositions at higher multiple than expected, stronger than expected performance by luxury leisure resorts on both top-line and margins through the valuation year. Downside risk: extended industry downturn with particular impact on large big box hotels, weak recovery of international travel during the valuation period, macro demand shock to acquired resort assets, labor issues.
Host Hotels & Resorts	HST	\$17.61	Hold	\$21	19%	\$1,498	\$1,592	\$1,561	\$1,498	\$1,592	\$1,561	12.0X	Downside risk: lodging recovery takes longer than expected. Planned dispositions take longer than expected. Material labor issues to owned hotels. Pipeline growth slower than expected. Apple Leisure Group underperforms.
Hyatt Hotels	H	\$117.33	Buy	\$149	27%	\$1,004	\$1,170	\$1,258	\$0	\$0	\$0	14.1X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Marriott International	MAR	\$180.90	Hold	\$213	18%	\$3,546	\$4,152	\$4,337	\$3,853	\$4,471	\$4,669	16.7X	Downside risk: M&A story fades and multiples revert to historical levels
Marriott Vacations	VAC	\$131.97	Buy	\$219	66%	\$927	\$939	\$1,010	\$927	\$939	\$1,010	10.5X	Downside risk: extended downturn in San Francisco, weak recovery of international travel during the valuation period especially Oahu, macro demand shock impact to major resort assets, labor issues.
Park Hotels & Resorts	PK	\$14.14	Buy	\$20	41%	\$589	\$652	\$700	\$606	\$669	\$724	12.0X	Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Faster than expected San Francisco recovery. Downside Risks: Incremental EBITDA from major CapEx investments take longer than anticipated, contributing to multiple contraction. Very slow recovery in San Francisco.
Pebblebrook Hotel Trust***	PEB	\$14.44	Hold	\$16	11%	\$345	\$346	\$377	\$357	\$357	\$389	13.5X	Downside risk: demand shocks, hurricanes, reduced airflit, new supply, country-specific risks (emerging market portfolio)
Playa Hotels & Resorts	PLYA	\$9.49	Buy	\$13	37%	\$231	\$266	\$278	\$243	\$279	\$291	10.5X	Downside risk: Slower than expected recovery of corporate business travel post-COVID; scope/timing and/or upside from repositionings underwhelms investor expectations
RLJ Lodging Trust***	RLJ	\$10.89	Buy	\$15	38%	\$315	\$362	\$374	\$337	\$385	\$398	11.5X	Downside risk: Group demand slower than expected. Property-specific risks given a small portfolio.
Ryman Hospitality Properties	RHP	\$94.35	Buy	\$119	26%	\$536	\$638	\$665	\$556	\$663	\$700	13.0X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected, labor issues, weak recovery of international travel to gateway markets, natural disaster risk. Mortgage EBITDA stabilizes well lower than expected.
Sunstone Hotel Investors	SHO	\$10.72	Hold	\$11	3%	\$223	\$249	\$246	\$234	\$260	\$258	13.5X	Downside risks: MTN is subject to prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries.
Vail Resorts, Inc.	MTN	\$255.08	Hold	\$262	3%	\$833	\$848	\$974	\$833	\$848	\$974	13.0X	Upside risks include a faster economic recovery and investors continuing to apply higher target valuation multiples.
Travel + Leisure Co.	TNL	\$40.87	Buy	\$67	63%	\$859	\$936	\$996	\$859	\$936	\$996	8.4X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	\$73.82	Buy	\$96	30%	\$618	\$620	\$664	\$651	\$659	\$705	15.0X	Downside risk: Slowdown in development opportunities. Weaker than expected transient trends.

* All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2024 EBITDA
 ** Valuation EBITDA excludes select items for specific companies including stock-based compensation.
 *** Covered by Gregory J. Miller - gregory.j.miller@truist.com

Source: FactSet, Truist Securities research

Companies Mentioned in This Note

Bluegreen Vacations Holding Corporation (BVH, \$34.87, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$118.45, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$8.49, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$116.57, Buy, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$46.91, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$142.63, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$17.72, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$177.25, Hold, C. Patrick Scholes)
OneSpaWorld Holdings Limited (OSW, \$11.28, Buy, Gregory Miller)
Pebblebrook Hotel Trust (PEB, \$14.58, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$14.37, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$9.38, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$95.26, Buy, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$11.05, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$10.79, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$40.63, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$131.99, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$73.66, Buy, C. Patrick Scholes)

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